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**INFORMATION REPORT**  
**REFERENCE COPY**

REPORT NO.

CD NO.

**COUNTRY** Hungary/Rumania

DO NOT CIRCULATE

DATE DISTR.

11 July 1952

**SUBJECT**    The Three-Year Economic Cooperation Agreement

NO. OF PAGES

1

DATE OF INFO.

NO. OF ENCLS.  
(LISTED BELOW)

PLACE  
ACQUIRED

SUPPLEMENT TO  
REPORT NO.

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THIS IS UNEVALUATED INFORMATION

1. The Hungarian-Rumanian three-year economic cooperation agreement, signed in Bucharest 17 June 1952, calls for:
  - a. Creation of a joint Hungarian-Rumanian company "Romagchim" to develop the Rumanian natural gas industry. The two countries will lay gas pipe from the Rumanian installation to the Hungarian chemical plant, which has not yet been built. The Hungarian firms to be merged in Romagchim will include the Soviet-owned Soroksár Chemical Industry, Beiersdorf Chemical Plant of Budapest, General Petroleum Industry of Budapest, and Maszolah. The Rumanian firms involved are probably also Soviet-owned.
  - b. Hungarian delivery to Rumania of machinery and equipment for nitrate and soda manufacturing. The countries will share the finished products.
  - c. Joining of Rumanian and Hungarian high tension networks for more expedient use power supply.
2. The plan was originally due for signature with the trade agreement of 10 May 1952. However, it was completed only after long, interrupted negotiations and after Soviet technicians were called in to dispel doubts of the Hungarian and the Rumanian experts.<sup>1</sup>

1.   Comment: The Hungarians were finally persuaded by the argument that companies involved were Soviet-owned anyway. The unusually detailed Hungarian press treatment indicated, and Western diplomats in Budapest agreed, that the inner circles of the Hungarian Communist Party had partly opposed the project.

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